



# **California Department of Veterans Affairs**

## **HOME PROTECTION PROGRAM**

### **Form A – Fire and Hazard**

**Version Period: August 1, 2023 at 12:01am Pacific Time thru February 29, 2024 of the Covered Location**

**TO REPORT A LOSS: Call Our Third-Party Administrator (TPA) at (800) 626-1613**

**Issued by the California Department of Veterans Affairs (hereinafter called CalVet)**

**FOR GENERAL INFORMATION, CALL CALVET's HOME PROTECTION UNIT at (916) 503-8355 or (866) 421-6978**

This Form A and the current annual CalVet Certificate of Coverage (herein called Coverage Certificate) are issued to the **Participant**.

Coverage applies only to those items specifically described in this Form A for which a specific amount is shown on your current Coverage Certificate.

Any claim is to be adjusted with and payable to CalVet and the **Borrower** as their interests may appear.

Any claim hereunder shall not reduce the amount of coverage under this Form A. CalVet may cancel this Form A coverage at any time by providing a forty-five (45) day written notice.

# CONTENTS

|                                   |        |
|-----------------------------------|--------|
| <b>DEFINITIONS</b>                | - 2 -  |
| <b>I. COVERAGE</b>                | - 4 -  |
| <b>II. EXTENSIONS OF COVERAGE</b> | - 5 -  |
| <b>III. EXCLUSIONS</b>            | - 7 -  |
| <b>IV. CO-PAYMENT CLAUSE</b>      | - 10 - |
| <b>V. LOSS SETTLEMENT</b>         | - 11 - |
| <b>VI. OTHER PROVISIONS</b>       | - 12 - |

# DEFINITIONS

**A. Actual Cash Value (ACV):** The cost to repair or replace covered **Dwelling** or **Other Structure** at the time of loss with material of like kind and quality, subject to a deduction for deterioration, depreciation, and obsolescence.

**B. Additional Living Expense (ALE):** **Participant's** necessary increase in living expenses excluding alcohol, incurred by the **Participant** when the **Dwelling** is uninhabitable due to no water, heat, electricity, bathroom facility, or other safety factors.

Limits may apply, please reference [Paragraph B of Section II, EXTENSIONS OF COVERAGE](#). Receipts are required for reimbursement.

The applicable period described below, whichever is the lesser:

1. The shortest period of time with the exercise of due diligence and dispatch, to repair or replace the covered damaged or destroyed **Dwelling** back to a habitable state.
2. At the time a cash settlement option is exercised and funds have been applied to the loan balance.

As to **ALE**, CalVet shall reimburse the **Participant** during the period of time, not to exceed two weeks, while access to the described premises is prohibited by order of civil authority, but only when such order is given as a direct result of potential damage by any covered peril.

**C. Borrower:** Parties who entered into the Contract of Sale and/or promissory note who are obligated to repay that debt.

**D. Cash Trust:** A trust account may be established by CalVet for payments issued in the repair / rebuild of the **Dwelling** or **Other Structures**. After submission of a completed request for payment form, **Cash Trust** funds are issued to the Contractor for payment of completed repairs, or in certain scenarios directly to the **Borrower(s)** after evidence of direct payment by the **Borrower(s)** has been received.

**E. Collapse:** A sudden falling or caving in or a sudden breaking apart such that the **Dwelling** or **Other Structure**, or part of the **Dwelling** or **Other Structure** is not fit for its intended use. Damage consisting of settling, cracking, shrinking, bulging, or expansion is not covered unless it is a direct result of **Collapse**.

**F. Covered Location:** CalVet encumbered property.

**G. Dwelling:** As previously disclosed to CalVet, the encumbered home, primary garage and any secondary residence are considered real property located on the **Covered Location**, including permitted additions approved by CalVet. Also includes CalVet-encumbered residences in the course of construction to include materials and supplies as specified to CalVet in writing located on the described premises or adjacent thereto which are enclosed in a fenced area or locked container and that are intended for use in construction, alteration or repair of structures.

**H: Explosion:** Sudden, loud, and violent release of energy that happens when something breaks apart in a way that sends parts flying outward from normal use at the **Covered Location**.

**I. Full Replacement Cost:** Applied to **Other Structures** and is calculated as the amount it would cost to repair or replace covered property, at the time of loss or damage, with material of like kind and quality. **Full Replacement Cost** applies to the valuation of covered property regardless of whether that property has sustained partial loss or total loss. The **Full Replacement Cost** of lost or damaged property may be less than the **Guaranteed Replacement Cost**. Amounts in excess of the coverage cited in [Paragraph A of Section II, EXTENSIONS OF COVERAGE](#), are the responsibility of the **Participant**.

**J. Guaranteed Replacement Cost Coverage:** This shall be applicable only to a **Dwelling (s)** and shall not apply to alterations and/or additions unless approved by CalVet. If your **Dwelling** is damaged or destroyed by fire or other covered peril, and the coverage limit shown in the Coverage Certificate is less than the cost of **Replacement Cost Value (RCV)** for repairs or replacement, we will increase the coverage limit to equal the current **Replacement Cost Value** of the **Dwelling** subject to the following: Payment under this provision shall in no case exceed the amount necessary and actually spent to repair or replace the damaged **Dwelling** as reported to CalVet with like kind and quality.

Other limitations, such as debris removal, landscaping or Building Code Upgrades in excess of limits noted in [Section II, EXTENSIONS OF COVERAGE](#) are the responsibility of the **Participant**, and are not guaranteed to be met.

**K. Landscape:** Areas, as described hereunder, are defined as any alteration to the natural condition of the land by grading, landscaping including but not limited to planted trees or naturally occurring trees within a lawn or landscaped area, shrubs, plants, lawns, etc., earthen dikes or dams, as well as fencing around the landscaped areas and additions to land such as pavements, driveways, or similar works. Excluded as landscape would be bender boards, and decorative items including rock, bark, mulch, weed barriers, hardscape, and fencing not around landscaped areas.

**L. Fungus (Mold):** Fungus means any microorganism or by-product of any microorganism, including, but not limited to mold, mildew, fungi, mycotoxins and spores or byproducts produced or released by fungi.

**M. Other Structures:** Any structure permanently affixed on the **Covered Location** as disclosed to CalVet owned by you (other than the described **Dwelling** and permitted additions) including, but not limited to secondary private garages, pool houses, greenhouses, gazebos, awnings, shops, well houses, in-ground pools, in-ground spas, retaining walls, driveways, walkways, outdoor kitchens excluding appliances and roof-mounted solar panels not on the **Dwelling**. However, this will not include unpermitted structures and/or alterations to the structures, or structures used in whole or in part for commercial, manufacturing, or farming purposes.

**N. Participant:** The **Borrower**, Spouse or registered domestic partner and residents of your household who are:

1. Your resident relatives
2. Other persons under the age of 21 and in the care of any person named above
3. Or any individual(s) allowed to reside in the **Dwelling** by the **Borrower**.

**O. Personal Property:** Items that are not real property, including clothing, household goods, personal possessions, curtains or blinds, regardless if attached to the walls, fountains, fish tanks, waterbeds, above ground hot tubs, above-ground pools and spas, pool equipment (either for built-in or above ground), appliances that are not built in, on-demand generators, solar batteries or inverters used in all solar systems, and contents not affixed to or permanently servicing the structure. Also includes manufactured homes not taxed as real property.

**P. Version Period:** Date range as cited on the cover page, which may or may not align with your renewal periods. Your coverage begins no earlier than the recording of the memorandum of sale and ends the day we receive funds thru escrow for a sale or refinance or when we receive funds directly to pay off the loan. In the event CalVet terminates coverage, it will cease 45 days after notification of termination.

**Q. Pollutants:** Any solid, liquid, gaseous or thermal irritant or contaminant, including: smoke (except **Sudden and Accidental** damage from smoke from a fire); smoke from agricultural smudging or industrial operation; vapor; soot; fumes; acids; alkalis; chemicals; and waste. Waste includes materials to be recycled, reconditioned, or reclaimed.

**R. Pre-Existing Condition:** A condition that existed prior to a covered peril, or prior to **Version Period**. This could be related to elements of a peril that have previously occurred, or a condition of the home, such as excess roofing layers, damages or inadequate maintenance.

**S. Rental Value:** With a current CalVet-approved Waiver of Occupancy (WOO) and consent to rent, **Rental Value** is the additional necessary living expenses limited to housing only, as incurred by the **Borrower(s)** on behalf of the approved tenant when part of the **Dwelling** is not habitable due to no water, heat, electricity, bathroom facility or other safety factors. With any **Rental Value** benefit, limits apply and receipts are required for reimbursement.

**T. Replacement Cost Value (RCV):** This is the full cost of materials and labor to repair or rebuild without deduction for any Depreciation applicable due to age, wear and tear, condition, or usage, etc. as calculated by software based on attributes of the property. Depreciation may apply to components of the **Dwelling** at the end of its life cycle, **other structures**, and/or fencing.

**U. Sudden and Accidental:** Abrupt unexpected event which is unintended from a reasonable person's perspective.

**V. Undetectable Wildfire or Brushfire Particles:** Any type of smoke, soot, char, ash, particles, matter, material, other byproduct or debris, or odor that is produced, emitted or released during or directly resulting from or following a wildfire or brushfire event that is undetectable by human senses, requiring special equipment, including, but not limited to microscopes or laboratory testing to confirm presence.

**W. Vacant:** The **Covered Location** which has been unoccupied for 30 days or more.

**X. Weather Conditions:** Includes, but is not limited to, heat, cold, humidity, rain, ice, snow, sleet, wind, hail, or drought.

## I. COVERAGE

This Form A provides for an administrative process to provide for reimbursement for covered damages. Form A is not an insurance policy nor does it provide the benefits of an insurance policy. CalVet is legal owner of the property and upon the determination by a Third-Party Administrator (TPA), we will cover a loss to the extent the property is restored to its pre-loss condition. This program covers losses only, and is not a benefit established by statute for Veterans who entered into a loan contract for the purchase of a home through the CalVet Home Loan program.

This Form A supersedes any prior Form A version, with new provisions affected by this new agreement. Coverage under this form is applicable upon notification to our TPA, not necessarily the date of loss unless otherwise stated herein. CalVet reserves the right to update this form periodically, providing a minimum of 30 days' notice to the **Borrower(s)**. These updates could include co-payment or subsequent co-payment amounts, exclusions and/ or clarifying language.

This Form A covers the risk of Sudden and Accidental direct physical loss to the **Covered Location**. Form A covers the described Dwelling, if adequately maintained, for Guaranteed Replacement Cost Coverage, all subject to the provisions and stipulations of this Form A, and in conjunction with your CalVet loan contract. This Form A also covers Other Structures, Rental Value, Additional Living Expenses (ALE), debris removal, and building code upgrades, subject to the terms and conditions of this Form A.

FORM A DOES NOT COVER **PERSONAL PROPERTY**, MEDICAL EXPENSES, HOUSEHOLD CONTENTS, PERSONAL LIABILITY, BODIES OF WATER, OR LAND INCLUDING LAND ON WHICH THE **DWELLING OR OTHER STRUCTURES** ARE LOCATED.

YOU ARE REQUIRED TO MAINTAIN YOUR **DWELLING AND OTHER STRUCTURES**. YOUR COVERAGE EXCLUDES ORDINARY WEAR AND TEAR OR GRADUAL DETERIORATION, AND POTENTIAL ENSUING DAMAGES AS A RESULT, AS PROVIDED IN [PARAGRAPH A OF SECTION III, EXCLUSIONS](#). WE WILL NOT PAY FOR A LOSS DUE TO FAILURE TO REASONABLY MAINTAIN THE PROPERTY. YOU ARE RESPONSIBLE TO INSPECT AREAS REGULARLY FOR THE PRESENCE OF POTENTIAL DAMAGES, AND FOR MOISTURE, WATER AND/OR OTHER POTENTIAL SOURCES OF DAMAGE (UNDER ALL SINKS, BEHIND WASHERS, REFRIGERATORS AND OTHER APPLIANCES) COVERAGE DOES NOT EXIST IF YOU FAIL TO MAINTAIN YOUR **DWELLING AND OTHER STRUCTURES**.

DO NOT ALLOW OTHERS TO REMOVE OR DEMOLISH DAMAGED PROPERTY, SUCH AS COUNTERTOPS, CABINETRY, FLOORING ETC. AND DO NOT DISPOSE OF THE SOURCE OR ORIGIN THAT CAUSED THE DAMAGE TO YOUR PROPERTY UNTIL APPROVED IN WRITING BY CALVET OR OUR TPA.

## II. EXTENSIONS OF COVERAGE

A. **Other Structures:** The **Participant** may apply up to an additional 20% of the amount of coverage applicable to the **Dwelling** under the Coverage Certificate as an additional amount of coverage to cover loss to **Other Structures** by any covered peril.

B. **Additional Living Expense (ALE):** The **Participant** may apply up to an additional 20% of the amount of coverage applicable to the **Dwelling** under the Coverage Certificate as an additional amount of coverage to cover the loss incurred by the **Borrower(s)** by any covered peril. A daily limit of \$200 will apply. However, **Rental Value** shall be paid only when current written approval for a waiver of occupancy has been given by CalVet to rent the **Dwelling**, with a daily limit of \$200 and up to a maximum **Rental Value** benefit of \$1,000.

Payment of **ALE** or **Rental Value** is limited to those incurred expenses submitted to our TPA within 60 days of actual expenditure. Extension of this timeline will be at the sole discretion of CalVet.

**ALE** or **Rental Value** will cease when funds have been applied to the loan balance for the cash settlement option, completion of repairs/**Cash Trust**, or if you do not engage a service provider timely, as described in Paragraph E of Section VI, Other Provisions.

C. **Trees, Shrubs, Plants, and Lawns (Landscape):** The **Participant** may apply up to an additional 5% of the amount of coverage applicable to the **Dwelling** under the Coverage Certificate to cover loss from a covered peril, including the removal and replacement to damaged trees, shrubs, plants and lawns and related underground irrigation systems, within the **Covered Location Landscaped** areas only, on the described premises (except those grown for commercial purposes) ensuing from:

1. Fire
2. Lightning
3. Smoke (except smoke from agricultural smudging or industrial operations)
4. Hail
5. Explosion
6. Aircraft
7. Vehicles (except vehicles owned or operated by an occupant of the described premises)
8. **Collapse** of a building, caused by theft or attempted theft except with respect to property taken with permission from the premises

CalVet shall not be liable for more than \$250 on any one tree up to 20 trees, shrubs, or plants as a result of the above-named perils. In no event shall the coverage under this extension apply to any peril except those specifically set forth in this paragraph.

In a case where a fallen tree has impacted the **Dwelling** or safe passage to the **Dwelling**, CalVet shall only be liable for the amount needed for removal of the tree from the **Dwelling** or partial removal to allow for safe passage.

We will also pay your reasonable expense, up to \$2,000 in the aggregate, for the removal of:

1. Your tree(s) felled by the peril of windstorm or hail, or weight of ice, snow or sleet; or
2. A neighbor's tree(s) felled by the peril of windstorm or hail, or weight of ice, snow or sleet

Provided the tree(s)

1. Damage(s) the **Dwelling** and/or **Other Structures**; or
2. Does not damage the **Dwelling** and/or **Other Structures**; but
  - a) Blocks a driveway on the property which prevents a "motor vehicle" that is registered for use on public roads or property, from entering or leaving the property.

- b) Blocks a ramp or other fixture designed to assist a disabled person to enter or leave the **Dwelling**.

The \$2,000 limit is the most we will pay in any one loss regardless of the number of fallen trees.

D. **Collapse**: Covering the risk of direct physical loss to covered **Dwelling** or **Other Structures** involving a sudden **Collapse** of a building or any part of a building.

**Collapse** does not apply to:

1. A part of a building that is standing, even if it has separated from another part of the building; or
2. A building or any part of a building that is standing, even if it shows evidence of cracking, bulging, sagging, bending, leaning, settling, shrinkage or expansion.

Direct physical loss to covered property involving sudden **Collapse** of a building or any part of a building is covered if such **Collapse** was caused by one or more of the following:

1. Covered perils under this Form A;
2. Weight of rain, ice or snow which collects on a roof from a single, or a series of **Weather** events in which due diligence in removing excess weight has occurred;

As a direct result of the **Collapse** of a building or any part of a building, losses to awnings, fences, patios, pavement, swimming pools, underground pipes, fuel, drains, cesspools, septic tanks, foundation, retaining walls, bulkheads, piers, wharves or docks is not included unless the loss is a direct result of the **Collapse** of a building or any part of a building.

E. Debris Removal: The **Participant** may apply up to an additional 5% of the amount of coverage applicable to the **Dwelling** under the Coverage Certificate as an additional amount of coverage to cover expenses incurred in the removal of debris, excluding **Personal Property** debris, of the damaged property covered hereunder as a result of a covered peril. Debris removal is a benefit of the **Participant** only; CalVet has no obligation regarding debris removal after the subsequent sale of the property.

F. Property Relocation: In order to preserve real property, such as countertops or cabinets, from or for the repair of damage caused by any covered peril, CalVet will pay up to 30 days for storage of any of the property covered hereunder necessarily removed for preservation wherein storage on the **Covered Location** is not possible.

Additionally, for **Personal Property**, coverage is afforded up to an additional \$10,000 for reasonable expenses related to content manipulation for on site, or for the removal, storage and return to facilitate repairs from a covered peril up to 30 days wherein storage on the **Covered Location** is not possible as determined by CalVet or our TPA.

G. Building Code Upgrade Ordinance or Law: In the event of any direct physical loss or damage to the covered **Dwelling** caused by a covered peril, this Form A is extended to cover up to an additional 10% of the amount of coverage applicable to the **Dwelling** under the Coverage Certificate as an additional amount of coverage to cover incurred costs relating to any ordinance or law or the enforcement of any ordinance or law regulating the construction, repair or demolition to such **Dwelling**. This coverage will not apply to areas outside of the damaged area, such as the removal of excess layers of roofing, or to any structure other than the **Dwelling**. Costs in excess of this 10% extension of coverage are the responsibility of the **Participant**.

H. Fire Department Service Charge: CalVet will pay up to an additional \$500 for liability for fire department charges incurred when the fire department is called to save or protect covered property from a covered peril.

I. **Mold or Fungus**: Per **Version Period** and in conjunction with the claim period, CalVet will pay up to a total of \$20,000 for direct physical loss to the **Dwelling** caused by or consisting of **mold or fungus** if the **mold or fungus** is the direct result of a covered peril. This coverage does not apply if the loss results from the failure of the **Participant** to maintain the property or protect the property from further damage following a covered loss.

J. Reasonable Repairs: In the event that covered property is damaged by an applicable loss, we will pay the additional reasonable expenses, up to maximum of \$5,000 incurred by the **Participant**, for necessary measures taken solely to



protect against further damage. If the measures taken involve repair to other damaged property, we will pay for those measures only if that property is covered and the damage to that property is caused by an applicable loss.

### III. EXCLUSIONS

Form A DOES NOT cover loss arising from any items in paragraphs A through W below:

A: Ordinary wear and tear or gradual deterioration, either in whole or in part; latent defect; rust; wet or dry rot; contamination; smog; smoke (except **Sudden and Accidental** damage from smoke); smoke from agricultural smudging or industrial operations; mechanical breakdown; wear; tear; marring; aging; inherent vice; latent defect; or deterioration. No coverage for ensuing damages if the visible structural components of the home, in the opinion of CalVet and the TPA, have not been reasonably maintained, or replaced at the end of their lifespan. Furthermore, future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

B. Theft of property which at the time of loss is not a part of any **Dwelling** or **Other Structure**. CalVet will cover ensuing damages as a result of the covered peril, however, any future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

C. Vandalism and malicious mischief, theft or attempted theft, or glass breakage, if

1. The described **Dwelling** or **Other Structure**, had been **Vacant** or unoccupied beyond a period of 30 consecutive days immediately preceding the loss; A **Dwelling** in the process of construction shall not be deemed **Vacant** or unoccupied.
2. Ground, fence, or pole-mounted solar.

No coverage for ensuing damages, and future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

D. Plumbing, heating or air conditioning systems or domestic appliances or by leakage or overflow from such systems or appliances, caused by or resulting from freezing while the **Dwelling** or **Other Structure** is **Vacant**, unoccupied or while all occupants are absent therefrom or while it is being constructed, unless the **Participant** shall have exercised due diligence with respect to maintaining heat in the **Dwelling** or **Other Structure** or unless such systems and appliances had been drained and the water supply shut off. A **Dwelling** in the process of construction shall not be deemed **Vacant** or unoccupied.

E. Retaining walls not attached to the **Dwelling** or **Other Structure**, piers, wharves or docks when such loss is caused by pressure of weight of ice or water, freezing, thawing or earth movement, unless such loss is caused by **Collapse** of any **Other Structure**, as provided in [Paragraph D of Section II, EXTENSIONS OF COVERAGE](#).

F. Loss or damage to foundations, walkways, cement floors, sewer pipes, hardscaping, paved surfaces, water pipes and gas pipes due to tree roots causing cracking, lifting and bursting from the pressure of tree roots. No coverage for ensuing damages, and future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

G. Settling, cracking, shrinking, gradual sinking, bulging, or expansion of soil and damage resulting from differential movement caused in whole or in part by seasonal changes of the soil bearing underlying the structure.



H. Involving **Collapse**, other than as provided in [Paragraph D of Section II, EXTENSIONS OF COVERAGE](#).

I. Intentional loss arising out of an act committed by or at the direction of the **Participant**.

J. **Pre-Existing** condition or inadequate maintenance. This includes inadequate or failure to maintain any part of the property which includes **Landscape**, the **Dwelling** and/or **Other Structures**. In the case where **Dwelling** components that are near, or past their life expediency as determined by CalVet or our TPA, only **ACV** will apply for only the **Sudden and Accidental** portions of direct damage as a result of the covered peril. Any and all other additional costs are the responsibility of the **Participant**, such as code compliance, removal of excess layers of roofing, or maintaining floor/roof sight lines. In the case where **Sudden and Accidental** portions are less than the cost to entirely replace **Pre-Existing** damage or inadequately maintained areas, coverage funds will be held in **Cash Trust** for a maximum of 6 months before applying to the unpaid loan balance. No coverage for ensuing damages, and future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

We will not pay for a loss regardless if it directly or indirectly contributed to or aggravated a loss whether it occurred before, at the same time, or after a loss arising out of a defect, weakness, inadequacy, or fault due to a lack of or inadequate maintenance.

As an example, if a roof has excessive wear and/or inadequate maintenance, and/or two layers of shingles already existing and damage incurs from a wind event on a portion of the roof, CalVet will not be liable to replace the entire roof, only the direct damaged portion from the one-time wind event, to be similar to the condition just before the loss.

K. Coverage for additions and/or alterations, and upgrades to any finishes (flooring, cabinetry, countertops etc.) not reported to CalVet in writing prior to the loss. Any portion of the **Dwelling** or **Other Structure** not permitted will not be covered.

L. Earth movement, including but not limited to earthquake (defined as a shaking or trembling of the earth that is tectonic in origin), landslide, mudflow, earth sinking, earth rising or shifting, unless fire or explosion as covered ensues, and then coverage under this Form A shall be provided only for loss caused by the ensuing fire or explosion.

M. Water damage, to include any of the following:

1. Flood, surface water including rainwater runoff, waves, tidal water or tidal wave, overflow of streams or other bodies of water, or spray from any of the foregoing, all whether driven by wind or not;
2. Water that backs up through sewers or drains;
3. Water that has escaped from a **Personal Property** item, such as waterbeds, fish tanks, hot tubs, and fountains.
4. Water below the surface of the ground including that which exerts pressure on or otherwise flows, seeps, or leaks through sidewalks, driveways, foundations, walls, basements, or other floors, or through doors, windows or any other opening in such sidewalks, driveways, foundations walls or floors;
5. Damage to the **Dwelling** or **Other Structures** as a result of water escaping from **Personal Property**, such as fish tanks, waterbeds, hot tubs, and fountains.
6. Losses not reported within 14 days of the initial occurrence, as determined by CalVet or CalVet's TPA, of constant or repeated seepage or leakage of water or steam from within the **Dwelling** or **Other Structure** from a plumbing, heating, air conditioning, automatic fire protective sprinkler system, a household appliance, or other **Dwelling** or **Other Structure** components, such as windows, roof, doors.

No coverage for ensuing damages, and future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

You are responsible to inspect areas regularly for the presence of potential damages, and for moisture, water and/or other potential sources of damage (under all sinks, behind washers, refrigerators and other appliances).

Please refer to [I: COVERAGE](#) and [Paragraph E of Section V, OTHER PROVISIONS](#) for requirements of inspection for potential damage and authorization for removal of elements from your home or the source or origin that caused the damage to your home.

N. Nuclear Hazard, to the extent set forth in the Nuclear Clause and Nuclear Exclusion below:

1. Nuclear Clause: The word “fire” in this Form A is not intended to cover nuclear reaction or nuclear radiation or radioactive contamination, whether controlled or uncontrolled, and loss by nuclear reaction or nuclear radiation or radioactive contamination is not intended to be and is not covered by this Form A, whether such loss is direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by “fire” or any other perils covered by this Form A. However, subject to the foregoing and all provisions of this Form A, direct loss by “fire” resulting from nuclear reaction or nuclear radiation or radioactive contamination is covered by this Form A.
2. Nuclear Exclusion: Loss by nuclear reaction or nuclear radiation or radioactive contamination, whether controlled, uncontrolled, or due to any act or condition incident to any of the foregoing is not covered by this Form A, whether such loss is direct or indirect, proximate or remote, or be in whole or in part caused by, contributed to, or aggravated by any of the perils covered by this Form A; Nuclear reaction or nuclear radiation or radioactive contamination, all whether controlled or uncontrolled, is not explosion or smoke. This clause applies to all perils covered hereunder except the peril of fire, which is otherwise provided for in the Nuclear Clause above.

O. Asbestos: Including loss, damage or expense to remove, or replace asbestos material unless such materials are themselves damaged by a covered peril. Notwithstanding that competent Government Authority may declare all or parts of the covered premises unfit for occupancy without removal / modifications to asbestos material, CalVet’s liability is limited to the proportion represented by the cost to repair the damaged part of the premises by a covered peril, not the entire property.

Similarly, if this Form A provides **ALE** or **Rental Value** or other loss of use or occupancy, such coverage shall be limited to the time required to repair or replace only the damaged portions of the premises.

P. **Weather Conditions**: This exclusion only applies if long-term **Weather Conditions** contributed in any way with a cause or event excluded in [Paragraph M of Section III, EXCLUSIONS](#), above to produce the loss. **Sudden and Accidental** damage due to **Weather Conditions** would be a covered peril.

Q. Faulty, inadequate or defective:

1. Planning, zoning, development, surveying, citing; or
2. Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction; or
3. Materials used in repair, construction, renovation or remodeling; or
4. Maintenance which includes items near or at the end of life expectancy, as determined by CalVet or our TPA, may result in **ACV** coverage. We will not pay for a loss regardless if it directly or indirectly contributed to or aggravated a loss whether it occurred before, at the same time, or after a loss arising out of a defect, weakness, inadequacy, or fault due to lack of or inadequate maintenance

No coverage for ensuing damages, and future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

R. Microbial Organisms: This Form A does not apply to any loss, demand, claim or suit arising out of or in any way related to loss due to microbial organisms, including but not limited to **mold**, **mold** spores, **fungus** bacterium, virus or any disease which is transmitted by individuals, parasitic microorganisms and wet or dry rot other than as provided in [Paragraph I, Section II, EXTENSIONS OF COVERAGE](#).

S. War Risk and Governmental Action: Hostile or warlike action in time of peace or war and any consequences of war, including action in hindering, combating or defending against an actual, impending or expected attack:

1. By any government or sovereign power (de jure or de facto), or by any authority maintaining or using military, naval, air or armed forces; or
2. By military, naval, air or armed forces; or
3. By an agent of any such government, power, authority, or forces, it is understood that any discharge, explosion or use of any weapon of war employing nuclear fission or fusion shall be conclusively presumed to be such a hostile or warlike action by such a government, power, authority or forces; insurrection, rebellion, revolution, civil war, usurped power, or action taken by governmental authority in hindering, combating or defending against such an occurrence, seizure or destruction under quarantine or customs regulations, confiscation by order of any government or public authority, or risks of contraband or illegal transportation or trade.

T. **Pollutants:** This Form A does not apply to any loss, demand, claim or suit arising out of or in any way related to pollution including any cost or expense arising out of or in any way related to testing for, monitoring, cleaning up, removing, containing, treating, transporting, detoxifying or neutralizing, or any way responding to, or assessing the effects of **Pollutants**. CalVet shall have no duty of any kind with respect to any such loss, demand, claim or suit.

U. **Undetectable Wildfire or Brushfire Particles:** Applies to the cost to test for, monitor, clean up, remove, contain, treat, detoxify, neutralize, deodorize, or in any way respond to or assess the effect of **Undetectable Wildfire or Brushfire Particles**, more than 90 days following of full containment of the covered peril.

V. **Mold or Fungus:** Coverage does not apply if the loss results from the failure of the **Participant** to reasonably maintain the property or protect the property from further damage following a covered loss, or for areas outside of the damage caused by a covered peril.

W. Birds; bats; vermin; rodents; raccoons, squirrels, insects, termites or other animals including domestic animals. CalVet will not be liable for removal of, or for ensuing damages, unless it is the result of a **Sudden and Accidental** event. No coverage for ensuing damages, and future damages will not be covered unless written evidence of repair/maintenance has been provided to CalVet within 60 days of closure of your claim. CalVet reserves the right to require a home insurance inspection report.

## IV. CO-PAYMENT CLAUSE

The amount of the co-payment with respect to a claim by any of the covered perils in Form A shall be determined based on your coverage limits of the **Covered Location** as follows:

|  | Co-Payment * | Subsequent Co-Payment * |
|--|--------------|-------------------------|
| Coverage Limits Less Than \$400,000  | \$1,000      | \$2,000                 |
| Coverage Limits Between \$400,000 and \$800,000  | \$1,500      | \$2,500                 |
| Coverage Limits Greater Than \$800,000   | \$2,000      | \$3,000                 |
| Regardless of Coverage Limits, Homes no longer Veteran's Primary Residence with an Approved Waiver of Occupancy    | \$2,500      | \$3,500                 |
| Regardless of Coverage Limits, Homes no longer Veteran's Primary Residence without an Approved Waiver of Occupancy | \$3,000      | \$4,000                 |

\*determined by coverage limit at the time of the claim.

Co-payment amounts shall apply separately for each occurrence covered hereunder. Co-payment amount is based on the coverage limit as cited on your current certificate of coverage, or based on a current waiver of occupancy status.

Subsequent co-payment amounts cited above shall be for each claim paid after an initial claim, regardless of coverage limit on any initial claim or the Form A in effect at the time of the initial claim within a 60-month time frame from a paid claim. If more than 3 claims are filed within 60-months or are the result of the **Participant** not following the CalVet loan contract terms to maintain the property in good order; CalVet, at its sole discretion, may change the **Participant** co-payment to a percentage of the coverage limit. If CalVet moves a **Participant** to a percentage co-payment, the percentage will not exceed 2% of the Coverage Limit and CalVet will provide no less than 30-days written notice of the co-payment change to the **Participant**.

The co-payment obligation shall not apply to **ALE** or **Rental Value** coverage.

Please refer to [Paragraph G of Section V, OTHER PROVISIONS](#) for information on cancellation of your coverage, which could occur.

## V. LOSS SETTLEMENT

Covered property losses are settled as follows:

A. **Dwelling(s)** using **Guaranteed Replacement Cost** or **Other Structure(s)** with material of like kind and quality subject to the following options;

1. The amount expended to repair or rebuild the **Dwelling** for like kind and quality construction and use on the same site at the time of the loss. Failure on the part of the **Participant** to actively and continuously engage within 30 days with our TPA will not provide for additional increased funds available for repair or rebuild, or
2. For no greater cost than option 1 (above), you elect to build a **Dwelling** or **Other Structure(s)** at another location located within California in which clear title can and will be transferred to CalVet; and CalVet remains in first lien position, and any other lienholders, if applicable, agree to subordinate to the CalVet first lien. Title to the original site will be conveyed to **Borrower(s)**. The new location site is subject to review and acceptance by CalVet, and all fees related to such transfer to the new location are to be incurred by **Borrower(s)**.
3. In the event of a total loss to a **Dwelling** for which you do not elect either option 1 or 2 (above), we will pay the difference between the market value obtained via an appraisal before the loss, and the market value of the parcel via an appraisal at the time of election for cash settlement. But in no case shall the amount be more than the amount required to replace the damaged property. Amounts previously expended, excluding **ALE** and debris removal, are subtracted from the cash settlement amount. The remaining cash settlement will be applied to the CalVet unpaid loan balance, any excess amount will be applied to deferred balances and fees due CalVet. Any remaining funds will be returned to the **Borrower(s)**. Title to the parcel is conveyed upon payoff of all funds due CalVet.
4. In the event of partial loss for which you do not elect to repair the **Dwelling** or **Other Structures**, the agreed-upon covered repair estimate will be applied to the CalVet unpaid loan balance, any excess amount will be applied to deferred balances and fees due CalVet, and lastly any remaining funds will be returned to the **Borrower(s)**. Title to the parcel is conveyed upon payoff of all funds due CalVet.

**Dwellings** that are not occupied by the **Participant** as their primary residence, or are **Vacant** greater than 30 days at the time of a total loss, regardless of whether a waiver of occupancy had previously been approved, can only receive the cash settlement option. Rebuild options do not apply.

B. Repair to fences within the **Landscaped** areas only at the **Covered Location** will be adjusted to an **ACV** basis. A fifty-percent discount will be taken on losses involving fences shared with neighbors. No coverage is provided if fencing is in a non-**Landscaped** area or if the fencing was near or at the end of its life cycle as determined by CalVet or CalVet's TPA.

C. For all **Other Structures**, the amount of loss will be calculated based upon the cost to repair or replace that part of the structure damaged or destroyed with **ACV**, subject to limitations cited in [Paragraph A of Section II, EXTENSIONS OF COVERAGE](#).

## VI. OTHER PROVISIONS

A. Control of Property: This coverage shall not be prejudiced by any act or neglect of any person (other than the **Participant**) when such act or neglect is not within the control of the **Participant**.

B. Description of Property: This coverage shall not be prejudiced if any error is made in describing the location of the property covered. It is the responsibility of the **Participant** to provide CalVet with accurate information related to the property.

C. Subrogation: Any **Participant** may waive in writing, before a loss, all rights of recovery against any person. If not waived, we may require an assignment of rights or recovery for a loss to the extent that payment is made by us. If an assignment is sought, a **Participant** must:

1. Sign and deliver all related papers;
2. Cooperate with us in a reasonable manner; and
3. Do nothing after a loss to prejudice such rights.

D. Other Coverage: If a loss covered by this Form A is also covered by other coverage, CalVet will pay only the proportion of the loss up to the maximum limits cited under this Form A.

E. Duties after Loss: In the event of loss or damage to covered property, the **Participant** must do the following:

1. Promptly notify CalVet's TPA about the loss. This Form A will not provide any coverage for your loss if you fail to notify us about the loss within 90 days of the date of loss, unless notification timeline is otherwise specified herein.
2. In addition, you must do the following and any failure to do these things may reduce or eliminate coverage:
  - a) Protect the property from further damage; and
  - b) Make reasonable and necessary repairs to protect the property; and
  - c) Keep an accurate record of repair expenses to include receipts and lists of materials; and
  - d) Do not or allow others to remove or demolish potentially damaged property, such as countertops, cabinetry, flooring, etc. until approved in writing by the TPA; and
  - e) As often as reasonably required, allow the damaged property to be inspected by the TPA; and
  - f) Do not dispose of any property that may have caused the damage, such as washing machines, dishwashers, refrigerators, etc. Allow for damaged items to be inspected by the TPA as CalVet has an interest in the value of any property for which we have made, or will make, a claims payment. At our option, property that CalVet has, or will have paid for or replaced becomes our property; and
  - g) Notify the police and file a police report in the case of loss by theft, vandalism, or any other criminal act.
3. As often as may be reasonably required, you must timely do the following and any failure to do these things may reduce or eliminate coverage:
  - a) Exhibit to any person designated by the TPA all that remains of any property; and
  - b) Submit to examinations under oath by any person named by the TPA; and
  - c) Produce for examination all books of account, bills, invoices, vouchers, permit extracts and/ or various documents to support owner occupancy and/or certified copies thereof if originals are lost as designated by our TPA or its representative.
4. File with the TPA a detailed sworn Proof of Loss within 30 days of receipt of the Proof of Loss from our TPA.

5. As soon as reasonably expected, within the shortest period of time required, with the exercise of due diligence and dispatch and no later than 30-days, actively engage and continuously engage, until repairs / rebuild are complete, the appropriate skilled and/or licensed service providers in the repair or rebuild of the property. Extension of these timelines will be at the sole discretion of CalVet. Failure to do so will result in cessation of **ALE**, closure of your claim, and any amounts identified for repair or rebuild by our TPA will be applied to the CalVet unpaid loan balance, any excess amount will be applied to deferred balances and fees due CalVet. Any remaining funds will be returned to the **Borrower(s)**.
6. Cooperate with CalVet's TPA in the timely adjustment and settlement of the loss. Duplicate costs incurred by CalVet as a result of the inability for TPA to thoroughly inspect the property will be the sole responsibility of a **Participant**, and will be withheld from the claim payment amount. Failure to do so may result in the closure of your claim, any amounts identified for repair or rebuild by our TPA will be applied to the CalVet unpaid loan balance, any excess amount will be applied to deferred balances and fees due CalVet. Any remaining funds will be returned to the **Borrower**.
7. Cooperate with CalVet in the payments thru the **Cash Trust** process. Monies for the repair are sent to CalVet and retained in a trust account, with payments issued after submission and verification of a completed request for payment form.
8. CalVet will abide by standards set forth by the Contractors State Licensing Board (CSLB). Covered damages in excess of cited limits by the CSLB will require a licensed contractor to perform those repairs.

Any notice to CalVet's TPA shall be the same as a notice to CalVet.

Failure to meet the above, and if applicable, pursuant to the CalVet loan contract, CalVet can contract the work and supply the materials necessary to keep the **Dwelling, Other Structures**, and/or fencing in **Landscaped** areas situated upon such property in good order and repair. Any costs with these actions incurred by CalVet will be the responsibility of the **Participant** and CalVet will add these costs to the loan.

Additionally, failure to comply with these Duties after Loss described above could result in partial or full denial of the claim.

F. Exhaustion of Administrative Remedies Prior to Filing Suit Against CalVet: No suit or action arising out of, or related to, this Form A, for the recovery of any claim made, or any other obligation, shall be subject to court jurisdiction unless the **Borrower** has fully exhausted the administrative remedies set forth in this paragraph. If the **Borrower** disagrees with the denial of the claim by the TPA, the **Borrower** is required to file a first level appeal of that decision to the Deputy Secretary of the Division of Home Loans of CalVet. The first level appeal to the Deputy Secretary must be filed within 30 days from the date of the final claim decision by the TPA, unless an extension of time is granted by the Deputy Secretary for good cause shown. The first level appeal shall be limited in scope to the records submitted to the TPA, and information not previously submitted to the TPA shall not be reviewed in relation to the first level appeal. If the **Borrower** disagrees with the decision of the Deputy Secretary, the **Borrower** is required to file a Second Level Appeal to the Secretary of CalVet within 30 days from the date of the decision of the Deputy Secretary of the Division of Home Loans, unless an extension of time is granted by the Secretary of CalVet for good cause shown. The second level appeal shall be limited to the record reviewed on the first level appeal. Following exhaustion of the remedies set forth in this paragraph, a **Borrower** may pursue a claim against CalVet by filing suit in the Superior Court for the County of Sacramento. All actions filed to pursue contract remedies against CalVet must comply with the applicable provisions of the Government Claims Act, Government Code sections 810 et. seq., including but not limited to the notice provisions and the timeliness of the said claim.

G. Cancellation: This Form A may be canceled at any time by CalVet by giving forty-five (45) days prior written notice to the **Borrower(s)** of such cancellation. Cancellation may occur for no cause, or due to excessive claims count or amount. Upon cancellation, **Borrower(s)** will be required to provide CalVet evidence of sufficient Fire and Hazard insurance prior to the expiration of CalVet coverage, and annually thereafter.

H. Concealment or Fraud: Whether before or after a loss, this entire Form A is void if the **Participant** has intentionally concealed or misrepresented any material fact or circumstance, engaged in fraudulent activities or contact, or made false statements.



I. Failure to Agree on Loss Amounts: If the **Participant** and our TPA fail to agree on the amount of loss, either may demand an appraisal of the loss. In this event, each party will choose a competent and impartial appraiser within 20 days of disagreement. after receiving a written request from the other. The two appraisers will choose an umpire. If they cannot agree upon an umpire within 15 days, the **Participant** or our TPA may request that the choice be made by a judge of a court of record in California. The appraisers will separately set the amount of loss. If the appraisers submit a written report of an agreement to the TPA, the amount agreed upon will be the amount of the loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two will set the amount of loss. Neither the umpire nor the appraiser will have a financial interest that is conditioned on the outcome of the specific matter for which they are called to serve. The umpire and the appraiser are only authorized to determine loss amount, they are not authorized to determine coverage, exclusions, conditions, forfeiture provisions, conditions precedent or any other contractual issues that may exist. This appraisal process and authority granted to the appraisers and the umpire can only be expanded and modified by written mutual consent between CalVet and **Participant**.

Each party will:

1. Pay its own appraiser;
2. Bear the expenses of the umpire equally; and
3. Pay its own attorney's fees and / or expert witnesses, if any.

J. Option Clause: If CalVet gives the **Participant** written notice after 60 days after our TPA receives the signed sworn proof of loss, CalVet may repair or replace any part of the damaged **Dwelling** or **Other Structures** with equivalent construction, or apply the agreed upon covered repair estimate amount to the unpaid principle balance.



CalVet encourages you to read the entire Form “A” to identify areas which might have changed from prior versions, and to review areas that might affect your coverage.

**For up to date information, visit CalVet’s Home Protection Coverage Webpage**

